



**City of Kingston
Report to Council
Report Number 17-233**

To: Mayor and Members of Council
From: Lanie Hurdle, Commissioner, Community Services
Resource Staff: Peter Huigenbos, Director, Real Estate & Environmental Initiatives
Sheldon Laidman, Director, Housing & Social Services
Date of Meeting: August 8, 2017
Subject: Gore Road Former Standpipe Site – Declare Surplus and Donate to Habitat for Humanity Kingston Limestone Region

Executive Summary:

On August 11, 2015, Council directed staff to take the necessary steps to repurpose the city's lands at 297 Gore Road in accordance with [Report Number 15-354](#), including, but not limited to, making an application to amend the zoning on an approximately 0.9 acre portion of the 1.4 acre site for public open space use and approximately 0.2 acres for residential use. The remainder would be dedicated as a public road allowance fronting on Gore Road. Staff have completed the proposed zoning amendments on the city's behalf as shown in Exhibit A to Report Number 17-233.

Further to [Report Number 15-354](#), staff recommends that Council declare the residential portion of the lands at 297 Gore Road, being Part 4 on Reference Plan 13R-21436, as surplus to municipal need and donate the land to Habitat for Humanity Kingston Limestone Region (Habitat). Staff have explored the possibility of using or selling the land for a more traditional affordable housing rental project. Based on the type of zoning on the property which allows for only four units, the larger style of housing units to be constructed and the characteristics of the residential neighbourhood, it was determined that partnering with Habitat for affordable home ownership is the best approach. Habitat's approach to development will result in a project that will be compatible with the neighbourhood, ensure appropriate value to low income families, and introduce an affordable housing project in Pittsburgh District that will assist in achieving the Council Strategic Priority of increasing affordable housing options in the city.

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Recommendation:

That Council declare surplus to municipal need and dispose of a portion of the property known municipally as 297 Gore Road, having an area of 0.2 acres described as Part 4 on Reference Plan 13R-21436, being the portion of land rezoned for residential development, as depicted in Exhibit A of Report Number 17-233; and

That Council approve the sale of the property described as Part 4 on Reference Plan 13R-21436 to Habitat for Humanity Kingston Limestone Region for the sale price of \$1.00; and

That Council directs that any funds returned to the City as part of this agreement shall be used for future affordable housing projects; and

That Council approve the draft by-law, entitled "A By-law to Permit Council to Enter into a Municipal Contribution Agreement with Habitat for Humanity Kingston Limestone Region and the Future Home Owners of Part 4 on Reference Plan 13R-21436", for the provision of Affordable Housing Units, as per Exhibit B to Report Number 17-233; and

That Council authorize the Mayor and Clerk to execute all documents and agreements related to the funding allocations, contribution agreement and property disposition, as approved by the Commissioner of Community Services or his/her delegate, in a form satisfactory to the Director of Legal Services.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

Lanie Hurdle, Commissioner, Community Services

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Denis Leger, Commissioner, Corporate & Emergency Services



Jim Keech, President and CEO, Utilities Kingston

Not required

Desiree Kennedy, Chief Financial Officer & City Treasurer



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Options/Discussion:

The City of Kingston is the owner of a 1.4 acre property at the corner of Gore Road and Rose Abbey Drive. For the past several decades the site was occupied by a park on the western portion of the property, adjacent to the existing Buckingham Park, and a water standpipe on the eastern portion of the property. The site was previously under the care and control of the Ministry of Environment, Township of Pittsburgh and most recently, Utilities Kingston. Utilities Kingston has completed the demolition and decommissioning of the water tower in accordance with recommendations in the 2011 East Water Service Area Treated Water Storage Improvements Schedule B Class Environmental Assessment. The property is now surplus to the city's needs and has been rezoned in accordance with the concept plan approved by Council on August 11, 2015.

Record of Site Condition and Zoning By-Law Amendment

Site specific rezoning was required to support the Council approved development concept for the site. The first step was to complete a Record of Site Condition (RSC) on the property in support of the redevelopment and rezoning of the site for open space and residential uses.

The site was formerly designated as an 'A-1' Zone – Restricted Rural Zone which permitted the residential uses of an accessory dwelling house and a single detached family dwelling house and non-residential uses of a cemetery, a farm (not including a specialized farm), a farm produce outlet, a home occupation and a public use.

On September 20, 2016, By-Law Number 2016-180 was passed to amend By-Law Number 32-74 to allow a Zone Change from 'A1' to 'R3-15' and 'OS' at 297 Gore Road. The site has been rezoned for the following three land uses (Exhibit A):

1. Road Widening of Gore Road public road allowance (Part 1 on Plan 13R-21436) will remain as an 'A1' Zone being designated as public road allowance for Gore Road.
2. Expansion of Buckingham Park (Parts 2 and 3 on Plan 13R-21436) has been rezoned to an 'OS' Zone – Open Space Zone to be amalgamated into the existing Buckingham Park.
3. Residential block (Part 4 on Plan 13R-21436) has been rezoned to a 'R3-15' Zone – Specialized Medium Density Residential Zone for approximately four lots to be developed into townhouse dwellings similar to the existing units on the street.

Affordable Housing Discussion

The procedures adopted for the Disposition of Real Property Policy in association with the affordable housing policies of the Official Plan require that the Housing & Social Services Department be given the opportunity to utilize the property for affordable housing purposes to support the implementation of the 10-Year Housing and Homelessness Plan before offering it for sale to others. Staff have considered various ways in which the site could be utilized for an affordable housing initiative based upon the site location, type of zoning and development expected, density expected, the neighbourhood and funding programs available. The property is

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a low density site that will provide for only four townhouse units which is not conducive to a successful affordable rental unit project for either the private or non-profit sectors.

Staff are recommending that the property be donated to Habitat. The property is zoned to support four townhouse units which are of a size and housing type that Habitat is interested in building. The funding model used by Habitat to be facilitated by this donation ensures that purchasers pay no more than 30% of their annual income towards annual house costs. It is expected that purchasers will have an annual household income between \$45,000 and \$65,000 which, according to the latest census information, is in the bottom 40% income bracket of Kingston households. For a household making \$45,000 per year, this will result in their house cost being \$1,125 per month (includes taxes, insurance and mortgage) which is 81% of the average market rent for a three bedroom unit in Kingston. This resulting value to the low income family compares similarly to other affordable housing contributions to private developers.

The donation to Habitat will enable the Housing & Social Services Department to enter into a service agreement for a project that will focus on an income group not currently served by other departmental programs. Affordable rental housing programs typically have a maximum annual household income of \$55,000 while the municipal Home Ownership Program services households with annual incomes between \$70,000 and \$85,000. A key difference between the municipal Home Ownership Program and the Habitat model is that persons accessing the Home Ownership Program must fully qualify for a traditional bank mortgage while persons accessing the Habitat program cannot be eligible for a traditional bank mortgage. One of the important objectives of the 10-Year Housing and Homelessness Plan is to provide a full range of housing program options which this agreement will facilitate.

Funding Model and Agreement

The recommended funding model in this report has been developed to be consistent with other city housing programs while ensuring the city receives the full value of its investment in the Habitat program. The city's Home Ownership Program provides a 5% down payment for potential home owners where the down payment is returned to the city along with 5% of the uplift value at the time of sale. These agreements run for 20 years and obligations are forgiven if the property is not sold within 20 years. The objectives are similar to the city's Capital Investment in Affordable Housing Program which requires rents to be offered at below market value for a period of 20 years in exchange for capital funding, after which time the obligations of the property owner cease.

The recommended funding model for this property will see the city's property sold to Habitat for \$1.00. The appraised market value of each of the four building lots is \$66,250 each. This represents a total investment of \$265,000 by the city.

The city's investment will be protected in two ways. The first will be a registered agreement which will require Habitat to transfer the lands back to the city if the townhouses are not built within two years of the initial sale to Habitat.

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Once the houses are built, the second level of protection will come into force and is based on the city being reimbursed should any or all of the homes be sold within the first 20 years of occupancy. Below is an explanation of this second level of protection:

Once the four townhouses are built, Habitat will sell the individual houses to four qualified families. The purchase price will be based on the fair market value of each property (house and land). Each purchaser will enter into a 20 year mortgage with both Habitat and the city to be registered on title. The city's mortgage will be in the form of a forgivable loan based on the value of the lot at the time of sale to Habitat. The home owners will make traditional mortgage payments to Habitat for the balance. The purchase price amount will also determine the percentage of the city's interest in each property. For example, if each property's fair market value is \$250,000, then the city has donated 26.5% ($\$66,250/\$250,000$) of the value (city's Donation Percentage).

If any property is sold before the 20 year mortgage has expired, the city will be reimbursed for the city's Donation Percentage of the sale price. For example, if the property is sold for \$300,000, the city will receive \$79,500 ($26.5\% \times \$300,000$). In the event the property is sold for less than the original sale price, and the city is satisfied that the sale was at fair market value, only the original amount of the loan, being the lot value, will be payable. If at the end of the 20 years the home owner continues to use the home as their sole and principal residence, there will be no obligation to reimburse the city. These provisions are consistent with the city's Home Ownership Program and Capital Investment in Affordable Housing Program.

No further requests for waiver of fees or permits will be accepted for this development.

Habitat has agreed to the terms as described above.

Existing Policy/By-Law:

The recommendation to declare surplus is in compliance with the city's Disposition of Real Property Policy. All properties are required to be declared surplus by Council including the provision of public notice, but properties sold under the city's Affordable Housing Policies are exempt from the requirement to sell at fair market value and are subject only to the provisions of the Affordable Housing Land Acquisition and Disposition Policy. The latter requires that, in general, lands are to be sold at 75% of market value (25% to be returned in the form of an affordable housing benefit) unless there is a clear demonstrated benefit to selling for less. The recommendations of this report are unique and will allow for the city to leverage 100% of the value of the property while still ensuring four households receive an affordable housing benefit.

The 10-Year Housing and Homelessness Plan identifies the need to offer a full spectrum of housing options in Kingston for both rental and ownership. It includes recommendations to partner with private and non-profit groups to expand affordable housing options. The Locational Analysis completed to identify appropriate neighbourhoods for additional affordable housing identified all neighbourhoods in the urban area of Pittsburgh District as being in the top ten neighbourhoods of the city where additional affordable housing should be promoted.

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Notice Provisions:

The city's Public Notice Policy requires that notice be published at least two weeks in advance of the meeting date to the declaration of properties being surplus to municipal need. The advertisement for declaring surplus was published on July 25, 2017 on the city's public notices webpage in accordance with the city's Public Notice Policy.

Accessibility Considerations:

Not applicable

Financial Considerations:

The city's cost to prepare the site for parkland and residential use totaled \$36,000 which included the completion of the Record of Site Condition (RSC) and the zoning by-law amendment. These costs were less than the initial estimated cost range of \$50,000 to \$75,000. As per previous information to Council in [Report Number 15-354](#), these costs were funded from the approved capital budget for Strategic Land Development.

As noted above, the property was appraised at \$265,000 as vacant (\$66,250 per lot). The transfer of the lands will be for \$1.00 with agreements on title for transfer or reimbursement to the city for the value of the lots as described above. As the purchaser, Habitat will be responsible for the transfer costs and any Land Transfer Tax applicable.

Contacts:

Peter Huigenbos, Director, Real Estate & Environmental Initiatives 613-546-4291 extension 3148

Sheldon Laidman, Director, Housing & Social Services 613-546-2695 extension 4957

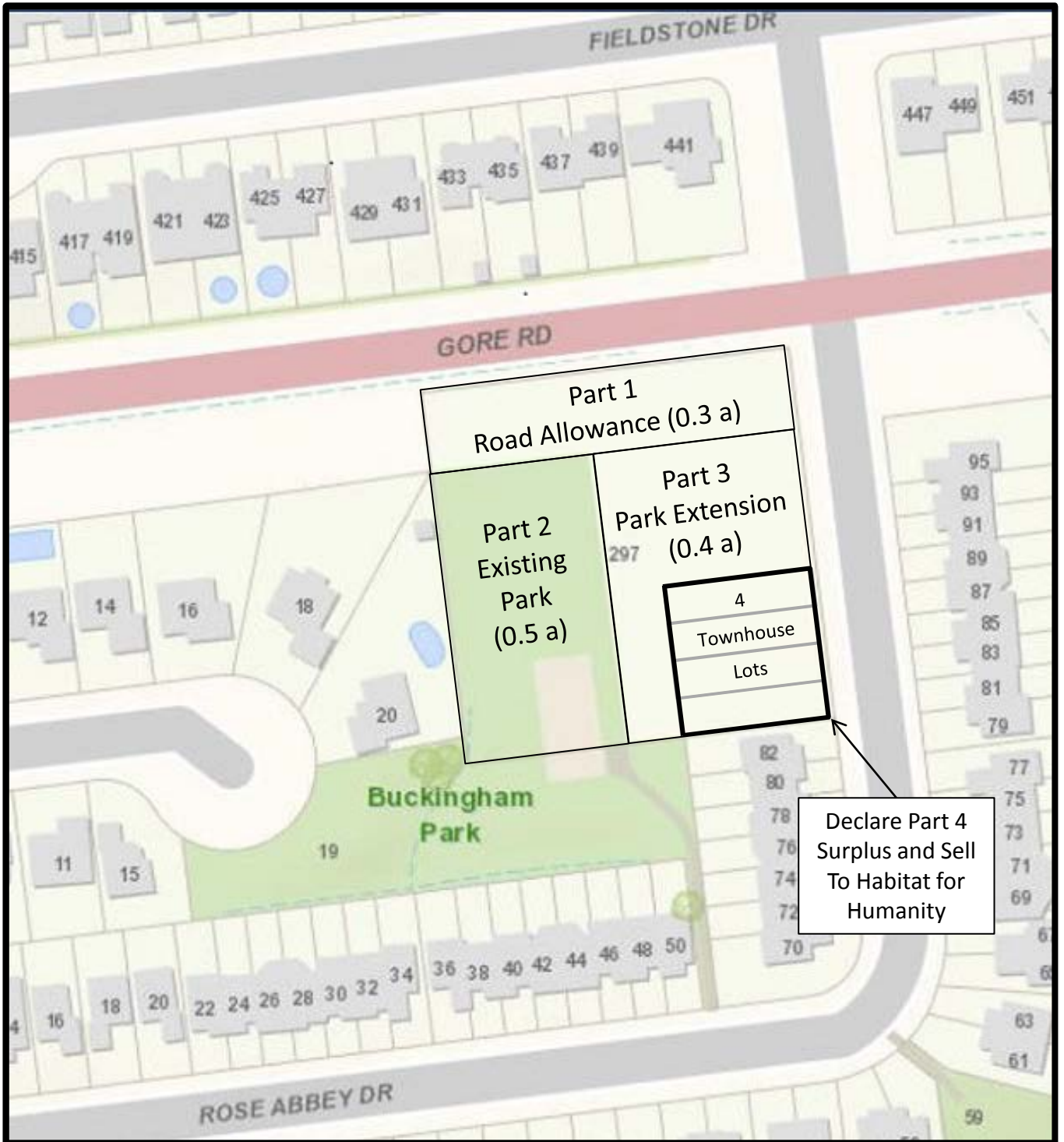
Other City of Kingston Staff Consulted:

Alan McLeod, Senior Legal Counsel, Legal Services

Exhibits Attached:

Exhibit A Location Map

Exhibit B Municipal Affordable Housing Capital Facilities By-Law



Property to be Declared Surplus

Part of 297 Gore Road



By-Law Number 2017-XX**A By-Law to Enter Into a Municipal Contribution Agreement with
Habitat for Humanity Kingston Limestone Region and the Future Home Owners of
Part 4 on Reference Plan 13R-21436****Passed:** Meeting date, 2017

Whereas the Corporation of the City of Kingston has passed a Municipal Housing Facilities By-Law in accordance with subsection 7(2) of Ontario Regulation 603/06; and

Whereas the municipality has determined that all the housing units to be provided as part of the municipal capital facilities fall within the definition of “affordable housing” contained in the municipal housing facility by-law;

Therefore be it resolved that the Council of the Corporation of the City of Kingston hereby enacts as follows:

1. That Council enter into a Municipal Contribution Agreement with Habitat for Habitat for Humanity Kingston Limestone Region and the future home owners of the property once developed for the provision of Affordable Housing Units on the property legally described as Part Lot 11, Concession East of the Great Cataraqui River, City of Kingston (formerly Pittsburgh Township) and designated as Part 4 on Reference Plan 13R-21436 in Kingston;
2. That Council authorizes the Mayor and City Clerk to execute the required agreements in a form satisfactory to the Director of Legal Services.
3. This By-Law shall come into force and take effect on the date of its passing.

Given First and Second Readings Month XX, 2017

Given Third Reading and Passed Month XX, 2017

John Bolognone
City Clerk

Bryan Paterson
Mayor